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Agenda items 8 (d) and 12

REPORT OF THE INDUSTRIAL DEVELOPMENT BOARD ON THE WORK OF ITS SIXTH SPECIAL SESSION

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Introduction

1. The sixth special session of the Industrial Development Board was convened by the Director-General in accordance with Board decision IDB.14/Dec.27, paragraph 4.

2. The report of the Industrial Development Board on its sixth special session is presented to the General Conference in accordance with Article 9.4 (c) of the Constitution. The present report should be read in conjunction with the summary records of the Board (IDB/S.6/SR.1 and 2), where details of the proceedings are contained.

I. ORGANIZATIONAL AND PROCEDURAL MATTERS

3. The sixth special session of Board was held at UNIDO Headquarters, Vienna International Centre, on 7 December 1995 (two plenary meetings - see IDB/S.6/SR.1 and 2).

Participation

4. All 53 members of the Board were represented at the session: Algeria, Argentina, Austria, Belarus, Belgium, Bolivia, Brazil, Cameroon, Chile, China, Côte d'Ivoire, Cuba, Ecuador, Egypt, Ethiopia, France, Germany, Ghana, Guinea, India, Iran (Islamic Republic of), Italy, Japan, Kuwait, Lebanon, Mexico, Netherlands, Nicaragua, Nigeria, Norway, Pakistan, Philippines, Poland, Portugal, Qatar, Republic of Korea, Romania, Russian Federation, Saudi Arabia, Slovakia, Spain, Sudan, Sweden, Switzerland, Thailand, Tunisia, Turkey, Uganda, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Zambia and Zimbabwe.

5. The following 26 Member States of UNIDO also participated in the session: Bangladesh, Botswana, Colombia, Croatia, Czech Republic, Democratic People's Republic of Korea, Denmark, Finland, Greece, Guatemala, Hungary, Indonesia, Jamaica, Kenya, Libyan Arab Jamahiriya, Luxembourg, Mali, Morocco, Oman, Panama, Peru, Sierra Leone, The former Yugoslav

Republic of Macedonia, United Arab Emirates, Uruguay and Viet Nam.

6. The United Nations Office at Vienna was represented.

7. The following other intergovernmental organization was represented: International Monetary Fund.

Opening of the session

8. The sixth special session was declared open by Ms. Fügen Ok (Turkey), President of the fourteenth session of the Board.

Agenda

9. The Board adopted the following agenda:

1. Opening of the sixth special session
2. Adoption of the agenda
3. Programme and budgets, 1996-1997
4. Scale of assessments of Member States for the fiscal period 1996-1997
5. Working Capital Fund
6. Special financial arrangements relating to voluntary separations of fixed-term staff
7. Adoption of the report
8. Closure of the session

II. PROGRAMME AND BUDGETS, 1996-1997

10. The Board had before it the revised proposals of the Director-General for the programme and budgets, 1996-1997 (IDB/S.6/2), based on the withdrawal of the United States of America from UNIDO as announced on 4 December 1995. The Board considered a draft decision recommended by the Programme and Budget Committee in its conclusion 95/15 (IDB/S.6/4, para. 12) and adopted decision IDB/S.6/Dec.1 (see annex I).

III. SCALE OF ASSESSMENTS OF MEMBER STATES FOR THE FISCAL PERIOD 1996-1997

11. The Board had before it a note by the Secretariat on the scale of assessments of Member States for the fiscal period 1996-1997 (IDB/S.6/1). The Board considered a draft decision recommended by the Programme and Budget Committee in its conclusion 95/16 (IDB/S.6/4, para. 13) and adopted decision IDB/S.6/Dec.2 (see annex I).

IV. WORKING CAPITAL FUND

12. The Board had before it the proposals by the Director-General for the Working Capital Fund (IDB/S.6/3). The Board considered a draft decision recommended by the Programme and Budget Committee in its conclusion 95/17 (IDB/S.6/4, para. 14) and adopted decision IDB/S.6/Dec.3 (see annex I).

V. SPECIAL FINANCIAL ARRANGEMENTS RELATING TO VOLUNTARY SEPARATIONS OF FIXED-TERM STAFF

13. The Board had before it the proposals of the Director-General for special financial arrangements as contained in chapter IV of his report to the General Conference on the financial situation (GC.6/32). The Board considered a draft decision submitted by the European Union, Japan, the Russian Federation and Turkey and adopted decision IDB/S.6/Dec.4 (see annex I). For statements made in connection with the adoption of the decision see summary record IDB/S.6/SR.2.

VI. ADOPTION OF THE REPORT AND CLOSURE OF THE SIXTH SPECIAL SESSION

14. On 7 December 1995 at 6.20 p.m., the Board closed its sixth special session, having entrusted the Rapporteur with the preparation and finalization of the report.

Annex I

DECISIONS ADOPTED BY THE BOARD AT ITS SIXTH SPECIAL SESSION

<u>Decision No.</u>	<u>Title</u>	<u>Page</u>
IDB/S.6/Dec.1	Programme and budgets, 1996-1997 (IDB/S.6/SR.1)	5
IDB./S.6/Dec.2	Scale of assessments of Member States for the fiscal period 1996-1997 (IDB/S.6/SR.1)	8
IDB/S.6/Dec.3	Working Capital Fund (IDB/S.6/SR.1)	8
IDB/S.6/Dec.4	Special financial arrangements relating to voluntary separations of fixed-term staff (IDB/S.6/SR.2)	8

IDB/S.6/Dec.1 - PROGRAMME AND BUDGETS, 1996-1997

The Industrial Development Board

- (a) Adopted for submission to the General Conference for consideration and approval the revised proposals of the Director-General for the programme and budgets for 1996-1997 as contained in document IDB/S.6/2, on the understanding that the Industrial Development Board at its fifteenth session through the Programme and Budget Committee would undertake an in-depth examination of the programmatic contents of the revised programme and budgets, 1996-1997 in accordance with the arrangements set out under paragraph (g) below;
- (b) Recommended to the General Conference the approval on the basis of an exchange rate of US\$ 1 = AS 12.90 of appropriations in the amount of \$210,246,600 for the regular budget of the Organization in 1996-1997, as reflected in the following table:

	(In US dollars)		
	Appropriations	Estimated income	Net requirements
Policy-making Organs	7,347,800		7,347,800
General Management	11,873,900		11,873,900
Country Programmes and Funds Mobilization	25,677,600		25,677,600
Information and Research	15,796,400		15,796,400
Human Resource, Enterprise and Private Sector Development	12,052,600		12,052,600
Industrial Sectors and Environment	19,368,700		19,368,700
Investment and Technology Promotion	13,265,800		13,265,800
Common Programmes	18,069,700		18,069,700
Joint and Common Services	49,983,900	26,986,500	22,997,400
Administration	36,810,20	755,200	36,055,000
Miscellaneous Income		1,605,400	(1,605,400)
Total	210,246,600	29,347,100	180,899,500

Note: The amounts presented in the table are to be adjusted in accordance with the adjustment formula presented at the end of the present decision to take account of exchange rate variations during the biennium.

- (c) Also recommended to the General Conference that the foregoing appropriations of \$210,246,600 at an exchange rate of US\$ 1 = AS 12.90 be financed from:
- Payments of contributions by Member States under the provisions of financial regulation 5.5(e) amounting to \$156,360,712 (\$18,763,250 plus the equivalent in United States dollars of AS 1,775,007,266) in accordance with decisions to be adopted by the General Conference at its sixth session concerning the scale of assessments;
 - Miscellaneous and other income of \$29,347,100;
 - United States mandatory payment of \$24,538,788 (\$2,944,650 plus the equivalent in United States dollars of AS 278,564,374);

- (d) Further recommended to the General Conference the approval of estimates of expenditure totalling \$28,810,000 at an exchange rate of US\$ 1 = AS 12.90 for the purpose of the operational budget for the biennium 1996-1997 to be financed from voluntary contributions and such other income as might be provided for in the financial regulations;
- (e) Requested, however, at the same time the Director-General to implement the programme and budgets for 1996-1997 within the cash resource availability and in accordance with the contingency plans presented by him;
- (f) Took note that the basis of the 1998-1999 budget appropriation would be \$185,707,812 at an exchange rate of US\$ 1 = AS 12.90 representing the 1996-1997 appropriation of \$210,246,600 less the United States mandatory payment of \$24,538,788;
- (g) Recommended that the General Conference:
 - (i) Authorize the Board at its fifteenth session to examine in depth the revised programme and budgets 1996-1997 and recommend such appropriate changes as may be required in the light of a report of the Director-General on the experience of the Organization in implementing the programme and budgets in the first quarter of 1996;
 - (ii) Request the Board at its fifteenth session to review the relevance of the 25 per cent ceiling of assessments as contained in Article 15.2 of the UNIDO Constitution in the light of the discussion which took place at the General Conference;
 - (iii) Also request the Director-General to issue a report on the composition of the Secretariat including relevant information on desirable ranges of representation; and
 - (iv) Request the Director-General to convene an additional session of the Programme and Budget Committee in May 1996 to discuss the reports of the Director-General and make appropriate recommendations to assist the Industrial Development Board in its tasks relating to paragraphs (i) to (iii) above;
- (h) Requested the Director-General to report on the above on a regular basis to the policy-making organs.

Adjustment formula in US dollars

Appropriations	US dollars	Austrian schillings
Policy-making Organs	430,000 +	89,240,200 /R
General Management	1,361,200 +	135,614,400 /R
Country Programmes and Funds Mobilization	2,907,900 +	293,729,580 /R
Information and Research	2,098,800 +	176,698,700 /R
Human Resource, Enterprise and Private Sector Development	1,497,800 +	136,156,600 /R
Industrial Sectors and Environment	2,363,000 +	219,373,400 /R
Investment and Technology Promotion	1,760,600 +	148,416,800 /R
Common Programmes	5,609,700 +	160,733,940 /R
Joint and Common Services	2,950,800 +	606,726,500 /R
Administration	<u>2,639,100 +</u>	<u>440,807,220 /R</u>
Subtotal - Appropriations	23,618,900 +	2,407,497,340 /R
Estimated income		
Joint and Common Services	1,184,200 +	332,849,800 /R
Administration	28,000 +	9,380,700 /R
Miscellaneous	<u>698,800 +</u>	<u>11,695,200 /R</u>
Subtotal - Estimated income	1,911,000 +	353,925,700 /R
TOTAL NET REQUIREMENTS	21,707,900 +	2,053,571,640 /R

Note 1: The net requirements shown above assume a ratio of 12 per cent in US dollars and 88 per cent in Austrian schillings at an exchange rate of US\$ 1 = AS 12.90.

Note 2: R represents the average United Nations exchange rate for Austrian schilling to US dollar which will be experienced during 1996-1997.

Note 3: The estimates expressed at the United Nations accounting rate of exchange for December 1995 of US\$ 1 = AS 10.00 are: (i) regular budget net requirements \$227,065,100 and (ii) operational budget \$35,546,900.

IDB/S.6/Dec.2 - SCALE OF ASSESSMENTS OF MEMBER STATES FOR THE FISCAL PERIOD 1996-1997

The Industrial Development Board recommended to the General Conference the establishment of a scale of assessments for the regular budget expenditures of UNIDO for the fiscal period 1996-1997 based on annex I to document IDB/S.6/1, which is based on General Assembly resolution 49/19B adjusted to the membership of UNIDO, and on the understanding that, in accordance with financial regulation 5.6, new Member States shall be assessed for the year in which they become Members on the basis of the United Nations scale of assessments as applicable to UNIDO.

IDB/S.6/Dec.3 - WORKING CAPITAL FUND

The Industrial Development Board:

(a) Took note of Industrial Development Board decision IDB.14/Dec.8 and document IDB/S.6/3 in which a revised level of the Fund was proposed for the 1996-1997 biennium;

(b) Recommended to the General Conference that the level of the Working Capital Fund for the 1996-1997 biennium should be \$6,750,000 and that the authorized purposes of the Fund should remain the same as those for the 1994-1995 biennium, i.e., as stipulated in Conference decision GC.2/Dec.27, paragraph (b);

(c) Urged Member States to pay their outstanding assessed contributions as soon as possible to facilitate reimbursement to the Working Capital Fund.

IDB/S.6/Dec.4 - SPECIAL FINANCIAL ARRANGEMENTS RELATING TO VOLUNTARY SEPARATIONS OF FIXED-TERM STAFF

The Industrial Development Board recommended to the General Conference that it decide:

(a) To take note of the information provided in chapter IV of document GC.6/32;

(b) To request the Director-General that, in paying separation indemnities, he shall be governed by the relevant staff regulations and rules;

(c) To approve, as a special measure in view of the circumstances and without constituting a precedent, the financial arrangements relating to voluntary separation of staff which may include the special arrangements to holders of fixed-term appointments to be financed from the separation indemnity reserve;

(d) To request the Director-General that these measures referred to in paragraph (c) be implemented on a case-by-case basis and be guided by:

- Cost-effectiveness
- Relevant observations and recommendations contained in the report of the External Auditor (IDB.13/7);

(e) To request the Director-General to report to the Industrial Development Board at its fifteenth session on the implementation of the scheme of separation of personnel.

Annex II

DOCUMENTS SUBMITTED TO THE INDUSTRIAL DEVELOPMENT BOARD
AT ITS SIXTH SPECIAL SESSION

Symbol	Agenda item	Title
IDB/S.6/1	5	Scale of assessments for the fiscal period 1996-1997. Note by the Secretariat
IDB/S.6/2	4	Programme and budgets, 1996-1997. Revised proposals by the Director-General
IDB/S.6/3	6	Working Capital Fund for the biennium 1996-1997. Proposals by the Director-General
IDB/S.6/4		Report of the Programme and Budget Committee on the work of its second additional session